



Notice of Public Workshop

PROPOSED AMENDED RULE 1309.1 – PRIORITY RESERVE and PROPOSED RULE 1316 – REQUIREMENTS FOR FEDERAL MAJOR MODIFICATIONS



Friday, September 30, 2005

1:30 p.m.

AQMD Headquarters

21865 Copley Drive

Diamond Bar, CA 91765

Auditorium

Purpose of the Meeting

The South Coast Air Quality Management District (AQMD) has scheduled a public workshop to solicit information and suggestions from the public on **Proposed Amended Rule 1309.1 – Priority Reserve (PAR 1309.1) and Proposed Rule 1316 – Requirements for Federal Major Modifications (PR 1316)**.

PAR 1309.1 and PR 1316 will be considered for adoption by the AQMD Governing Board at a public hearing tentatively scheduled for *December 2, 2005*. This public workshop will allow comments and discussion of PAR 1309.1 and PR 1316 with all public members including potentially impacted stakeholders and other interested parties.

Air Quality Objective

The objective of the amendments to Rule 1309.1 is to facilitate the permitting of electric generating facilities (EGFs) equipped with Best Available Control Technologies (BACTs) to provide cleaner electricity in the District and to minimize the potential use of standby emergency diesel fired electric power generators for electrical power generation. The use of emergency diesel generators would have a potential negative impact on ambient air quality. Moreover, electric power is critical for maintaining essential public services

and for operation of clean air technologies.

Proposed Rule 1316 attempts to meet both the requirements of state and federal law regarding New Source Review (NSR). In December 2002, the United States Environmental Protection Agency (USEPA) finalized regulations modifying NSR requirements for modifications of major sources which USEPA asserted must be included as part of AQMD rules. Following USEPA's finalization of the regulations, SB 288 sponsored by State Senator Byron Sher was signed into law by the Governor on September 22, 2003. SB 288 generally prohibits local districts, including the AQMD, from amending or revising their NSR rules or regulations to be less stringent than those rules and regulations that existed on December 30, 2002. Rule 1316 will address federal requirements for modifications of major federal sources while maintaining compliance with state law.

Background

PAR 1309.1 – Priority Reserve

There is currently a projected potential shortage of electric generating capacity in the District. This proposal would remedy the potential negative impacts of future electrical power shortages on essential public services and ambient air quality by allowing the use of SO_x and PM-10 credits from the District's Priority Reserve account.

There is a limited supply of SOx and PM-10 Emission Reduction Credit (ERC) offsets available in the open market at this time. The available supply of PM-10 credits in the District's Priority Reserve account may be used to streamline permitting of EGFs and thereby mitigate potential negative impacts of electric power disruption.

PR 1316 – Requirements for Federal Major Modifications

In addition, USEPA requires non-attainment areas to address, NSR requirements, promulgated by USEPA on December 31, 2002 no later than January 1, 2006. These federal requirements effectively reduce the circumstances under which existing major stationary sources would be required to subject modifications to their facilities to NSR. On the other hand, California Health and Safety Code generally prohibits local districts from submitting a plan to amend NSR rules to be less stringent than those that existed on December 30, 2002. Rule 1316 seeks to comply with both these differing state and federal requirements.

Proposed Amendments

The amendment to Rule 1309.1 provides temporary access to the District's Priority Reserve SOx and PM-10 account for new EGFs, permitted between 2005 and 2007. This proposal will allow EGFs to draw specifically SOx and PM-10 ERC offsets from the Priority Reserve account provided they have met all other requirements and paid the appropriate mitigation fee. In addition, the mitigation fee (price of credits) will be updated to more closely reflect current conditions as well as other changes for clarity and improved enforceability.

Proposed Rule 1316 incorporates by reference to the appropriate Code of Federal Regulations federal requirements including Plant Wide Applicability Limits (PALs) for major source modifications.

California Environmental Quality Act

Pursuant to the California Environmental Quality Act (CEQA) and AQMD Rule 110, the AQMD staff is reviewing proposed amended Rule 1309.1 and proposed Rule 1316 to determine if the proposed amendments would result in any potential adverse environmental impacts. Appropriate CEQA

documentation will be prepared based on the analysis.

Questions regarding the CEQA analysis of these proposals should be directed to:

Michael Krause
Planning, Rule Development & Area Sources
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21865 Copley Drive
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Phone (909) 396-2706
E-mail: mkrause@aqmd.gov

Available Supporting Documents and Other Relevant Information

1. Proposed Draft Amended Rule 1309.1;
2. Proposed Draft Rule 1316; and
3. Preliminary Draft Board Letter.

To Obtain Copies of the Above Documents

Copies of the above documents will be available at the AQMD website at <http://www.aqmd.gov/rules/proposed.html> on or before September 19, 2005. In addition, hard copies of the above documents will also be available at the same time they are posted on the AQMD website at the AQMD's Public Information Center or may be obtained from:

Ms. Lourdes Cordova-Martinez
SCAQMD Public Information Center
21865 Copley Drive
Diamond Bar, CA 91765
Phone: (909) 396-2039

Submission of Documents or Comments

Comments, suggestions, documents, studies and reports relevant to PAR 1309.1 and PR 1316 should be submitted no later than October 14, 2005 to:

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